



Joan McDonald
Commissioner



State of Connecticut
Department of Economic and
Community Development

TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE
March 2, 2010

Joan McDonald, Commissioner
Department of Economic and Community Development
Chair of Connecticut Innovations, Incorporated

**SB 327 AN ACT CONCERNING CONSOLIDATION OF ECONOMIC
DEVELOPMENT ENTITIES**

The Department of Economic and Community Development (DECD) and Connecticut Innovations Inc. (CII) offer the following comments concerning *SB 327 An Act Concerning Consolidation of Economic Development Entities*.

As you are all aware, DECD is the lead state agency for economic development in the state of Connecticut and our partners are Connecticut Innovations, Inc. (CII) and Connecticut Development Authority (CDA). In this role, DECD has a very broad mandate and mission, which includes job creation and retention, international affairs, responsible growth, brownfield redevelopment, economic modeling and forecasting, and community and housing development.

We believe that Senate Bill 327 would weaken Connecticut's economic development structure by fracturing programs and services to the detriment of our valued business customers and partners. As I have stated on numerous occasions, first and foremost, the priority should be to preserve the programs and tools that we utilize to retain and attract businesses to this state. Owners of businesses large and small will tell you that no one program will fit all needs. The Urban and Industrial Site Reinvestment Tax Credit program that DECD just recommended for Starwood Hotels & Resorts Worldwide, Inc. to move over 800 jobs to Connecticut from New York is not, for example, the venture capital investment we would offer to a Connecticut Innovations start-up or high-tech portfolio company.

DECD would point out that there are many national models for the delivery of economic development services. Predominantly states have relied on a single point of entry and most seem to embrace the quasi-public model of economic development. Examples include New York, Rhode Island, Massachusetts and New Jersey.

A better framework for addressing this type of organizational restructuring would be an approach similar to Governor Rell's economic development reorganization proposal of 2009.

A second all-encompassing approach which bears further evaluation is SB 160 An Act Establishing a Quasi-public Economic Development Agency which merges DECD, CHFA, CII and CDA into one economic and community development quasi-public agency. The Connecticut Clean Energy Fund should also be fully integrated into that organization.

Thank you for your consideration of these comments.